

Message Text

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ACTION ARA-10

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1483

C O N F I D E N T I A L BUENOS AIRES 3987

E.O. 11652: GDS

TAGS: PINT, ELAB, AR

SUBJ: POLITICAL CONSEQUENCES OF NEW ECONOMIC MEASURES

REF: BA 3951

1. SKYROCKETING PRICES AS RESULT OF GOVERNMENT'S NEW ECONOMIC MEASURES HAVE RESULTED IN FURTHER DETERIORATION OF MRS. PERON'S IMAGE AND HAVE BROUGHT TO SURFACE CONSIDERABLE RESENTMENT AGAINST HER GOVERNMENT, ESPECIALLY AMONG PERONIST LABOR ELEMENTS (SEE REFTEL). THIS IS IRRESPECTIVE OF WHETHER OR NOT MEASURES ARE NECESSARY AND COGENT. AS EMBOFF OVERHEARD ONE IRATE PASSENGER ON A BUS (WHO HAD JUST PAID DOUBLE THE PREVIOUS DAY'S FARE) PUT IT SEVERAL DAYS AGO: "LOGICALLY I KNOW MEASURES MAY BE NECESSARY IF WE ARE TO SAVE OUR EXPORTS. BUT WHAT I CAN'T ACCEPT IS THAT SHE (MRS. PERON) SADDLES US WITH ALL THE SACRIFICES WHILE SHE AND HER MAGICIAN FRIEND SPEND MONEY AS FAST AS THEY CAN. SHE JUST BOUGHT A BOEING 707, AND I CAN'T EVEN AFFORD GAS FOR MY CAR."

2. MANIFESTATIONS OF DISCONTENT ARE MANY. WHEN MRS. PERON EMERGED FROM HER TELEVISED ADDRESS ON JUNE 6, SHE WAS JEERED AND BOOED BY BYSTANDERS AROUND CASA ROSADA. SHE WAS BOOED AGAIN WHEN SHE ARRIVED FOR WORK ON JUNE 10. OVER THE WEEKEND, SLOGAN
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"LANUSSE COME BACK" WAS SCRAWLED ON WALL IN PLAZA DE MAYO

(AND HURRIEDLY REMOVED BY POLICE). SOME FOUR THOUSAND PERONIST WORKERS DEMONSTRATED IN CORDOBA JUNE 10. HIGH-RANKING PERONIST SOURCE ADMITTED TO EMBOFF THAT THEY HAD CARRIED A BANNER SAYING "LANUSSE, WE WERE WRONG. FORGIVE US AND COME BACK*" SIMILAR BANNER WAS REPORTED BY DAO TO HAVE BEEN DISPLAYED BY PORT WORKERS IN BUENOS AIRES THE OTHER DAY. LABOR UNREST IN CORDOBA LED FEDERAL INTERVENTOR LACABANNE TO ISSUE RATHER ABSURD STATEMENT TO EFFECT THAT PROVINCE WAS COMPLETELY TRANQUIL BUT THAT DEMONSTRATIONS WERE BANNED BY STATE OF SIEGE PROVISIONS AND ILLEGAL WORK STOPPAGES WOULD NOT BE PERMITTED. ONE CAN ONLY WONDER, IF THINGS ARE SO TRANQUIL IN CORDOBA, WHY ISSUE THE STATEMENT?

3. UNHAPPINESS OVER PINCH CAUSED BY NEW ECONOMIC MEASURES IS NATURAL. MANIFESTATIONS SUCH AS THOSE DESCRIBED ABOVE MAY SIMPLY REPRESENT AN INITIAL SPASM WHICH WILL PASS. AT LEAST FOR THE MOMENT, HOWEVER, MRS. PERON'S GOVERNMENT IS IN A SHAKIER POSITION THAN IT WAS BEFORE THE MEASURES WERE TAKEN. MILITARY IS WATCHING FROM THE WINGS. IF POPULAR DEMONSTRATIONS OF DISCONTENT WITH GOVERNMENT MOUNT IN INTENSITY, TEMPTATION TO STEP IN WILL BE INCREASED. CONSTITUTIONALISTS IN ARMED FORCES ARE STILL ADVISING AGAINST IT, BUT WITH CAVEATS. RETIRED GENERAL BENJAMIN RATTENBACH SAID IN SPEECH AT CIRCULAR MILITAR LAST NIGHT, FOR EXAMPLE, THAT MILITARY MUST AT ALL COST AVOID DESTROYING FOR FORCE OF ARMS WHAT PEOPLE HAVE ELECTED AT THE POLLS. IF WHAT THEY ELECT WORKS WELL, THEN EVERYTHING IS FINE. IF IT IS BAD, HE ADDED, "THEN IT WILL FALL OF ITS OWN WEIGHT AND SO VERY SHORTLY."

4. HIGH-RANKING PERONIST SOURCES ADMIT THEY ARE VERY CONCERNED. AS ONE PUT IT, "THE SITUATION JUST MAY HAVE STARTED TO UNRAVEL".
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